

# COMMENTS ON THE ART MARKET

## VOLUME 101

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A little over a month ago we all wondered if a total nuclear stock market meltdown was upon us when it hit 6547; about 6 weeks later, it was back over 8100 – now that's a ROAR! I was pleased to note that on April 17 (the day I started this newsletter) my portfolio was in the **BLACK** for 2009! I know I was so far into the **RED** last year that it will take a lot more up days to feel real good, but I am not complaining. In addition, RIMM hit \$68 that day (a 28 point gain for me) and CITI was moving me towards break-even. However, deep inside I wondered if this was just another one of those steep inclines on the stock market rollercoaster ... you know the ones where you look around and see the beautiful sights from high above, only to get that sickening feeling when the car pushes over the peak and you cannot see the tracks below! Well, Monday came and it was one fast drop ... back in the **RED** (-2.4%)! On the bright side, I may get my chance to buy more CITI at \$1 – do not forget, dollar averaging is the mantra these days!

### **The International Fine Art Fair**

I know I stated that we were taking a holiday from the show circuit, but the opportunity arose to take a space in the International Fine Art Fair, held in New York City at the 67<sup>th</sup> Street Armory from May 1 – May 5, so we took a booth. Crazy? Maybe, but what the heck.

Among the artists whose works we will be exhibiting are Ridgway Knight, Dupré, Corot, Boudin, Bonheur, Moret, Munier, Girardet, Cortès, Bolotowsky, Cropsey, and a few contemporary artists ... Katie Swatland's newest works will be there!

We have posted a complimentary ticket on our web site. All you need to do is click on the link below and print out a copy; each ticket is good for 2 people – hope to see you there!

### **[Complimentary Ticket to the 2009 International Fine Art Fair](#)**

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### **Dirty Rotten Scoundrels**

Every industry has its share of individuals who would rather play on the wrong side of the tracks and the art world is no exception. While I could scour the art dealer history archives for many who would fit into this category, I thought we should keep it to more modern times ... in fact, I will keep it to those who have made headlines in the past couple of years – and there are enough of them to choke a horse! Some are pretty well-known while others probably flew under your radar. Like I always say, do a bit of research before you deal with anyone; a quick Internet search will uncover a great deal of information and may help you steer clear of those who might be classified as 'Dirty Rotten Scoundrels'.

Please note that I am not passing judgment on any of these individuals or firms. I am just repeating what has been reported in many of the leading newspapers; links to the original stories are included. Here are my Fab 5.

Number 1 on the hit list has to be the Madoff of the art world – Larry Salander of Salander O'Reilly (the gallery was closed down 17 months ago and filed for bankruptcy 16 months ago). According to a March 26<sup>th</sup> article in The New York Times, Salander was arrested that "... Thursday on an indictment charging that he stole \$88 million from investors, collectors and artists who had consigned paintings and sculpture to his Upper East Side gallery..." According to the indictment, "...the charges covered transactions with 26 victims going back to 1994 ... [and] authorities believed that Mr. Salander's take actually exceeded \$100 million." It appears that among other things, Mr. Salander was selling half shares of paintings to more than two people (I guess in his mind 3 halves equaled a whole, and I thought my math was bad); pledging works that he did not own as collateral for loans; and selling works without paying the owners – now that is an easy way to make a big profit!

The article went on to say that Mr. Salander's family was now being supported with \$25,000 a month by a benefactor – WHAT!?! Unbelievable! -- For more on this story click here: [\*\*The New York Times\*\*](#)

Number 2 on the hit list has to be Berry-Hill Galleries. Back in 2005, according to The New York Times, "the gallery filed for bankruptcy protection ... listing more than 100 creditors, debts ranging as high as \$50 million and assets of \$50 million to \$100 million." This house of cards appears to have folded when it was revealed ... "that the Hills and associates of theirs bid on 43 works, in an auction, that the gallery either owned or had a direct financial interest in through another entity that Berry-Hill controls." This is a very complicated issue and I suggest you read the articles: [\*\*The New York Times\*\*](#), [\*\*Antiques and the Arts Weekly\*\*](#) & [\*\*Maine Antique Digest\*\*](#)

Number 3 on our list are Mark Zaplin and Mark LaSalle who are currently involved in the Bouguereau fiasco. A large and important Bouguereau was recently discovered in a New York convent. A dealer from upstate New York was asked to handle the appraisal and greed seems to have taken hold. This whole case is still in the early stages, but it appears that a \$3 - \$5 million painting was bought from the convent for \$450,000 and was quickly sold for \$2 million and resold for \$5 million. Now, we did have an attorney from Houston, Texas in our gallery last May. This individual informed us that he was in the process of buying a major Bouguereau of a Madonna and angels, which he viewed in a warehouse, for about \$2 million. I am pretty sure this is the same painting and I did ask him to comment, but as yet there has been no reply. Now how the painting was bought by him and then resold for more than twice that amount in such a short amount of time is a mystery to me, but hopefully the courts will fill in the blanks as this case makes its way through the legal system. If you would like to read more here are a couple of links: [\*\*Antiques and the Arts Weekly\*\*](#) & [\*\*Maine Antique Digest\*\*](#)

Number 4 on our list is Park West Gallery (the cruise ship gallery) which is in the middle of a large lawsuit. Articles in both The New York Times and The Art Newspaper it was revealed that the art they sold to individuals "was later found by experts to either be fake or have forged signatures, or to be heavily overpriced and misrepresented as bargains and investments." The gallery denies these claims and I guess we will have to wait until there is either settlement or a trial; you will enjoy these articles: [\*\*The New York Times\*\*](#) & [\*\*The Art Newspaper\*\*](#)

Here is an interesting side story -- one afternoon I received a call from a friend informing me that he and his wife just returned from a cruise and would I come over to help them hang a painting they bought. I found it strange since I would have never thought that these people would buy an original painting. When I arrived at their home they showed me their recent purchase ... according to them, they were told it was an original work by a very famous living artist. Well, to begin with I had no idea who the artist was and while the piece was signed, it was also numbered – making it a multiple original (maybe). Curiosity got the best of me so I asked what they paid for it ... they happily told me --- \$10,000! Yikes! I did tell them my concerns, but they loved the piece and so we took out a picture hook and hammer and hung the work.

Number 5 on our list is Giuseppe Concepcion (of Proarte Gallery) who has been, according to the February issue of The Art Newspaper, "charged with selling fakes of works supposedly by Henri Matisse, Alexander Calder, Adolph Gottlieb and Tom Wesselmann." It appears that "Mr. Concepcion acquired real works ... then acquired or commissioned forgeries of the artwork, which he sold to victims." Here are a couple of links: [\*\*Department of Justice\*\*](#) & [\*\*Daily News\*\*](#)

I have always said that the art world is a jungle and there are numerous wild beasts on the prowl. Make sure you do some research and find a good guide; one that will keep you from being the next meal.

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### **The Internal Revenue Service's Art Panel Meeting**

About 1 week before the April 7<sup>th</sup> meeting a 15 lb box of documents arrived at the gallery. Eager to see what I was in store for, I quickly opened the box and read the accompanying letter; it confirmed the meeting location, date and the fact that another package, with the balance of the material, would arrive in a few days.

Since this was scheduled as a 2 day meeting I assumed there would be a great deal of research needed so I got started that evening with the first box. The documents were sorted by the artist's last name and include valuations, backup information and photographs (some of which are professionally taken and others that are rather poor in quality). Since there were many periods of art represented I began working on the 19<sup>th</sup> and 20<sup>th</sup> century artists I was familiar with.

Well, the research took up most of that weekend and by Monday I had repacked the box, with all my notations, and returned it to the IRS's office. Of course, the following day my second box arrived and since I was on a tight deadline I finished all the necessary backup information by the following afternoon and sent the box back so it would arrive before I did.

I left N.Y. the following Monday evening; landed in D.C. at about 8:00 and made it off the plane and was in my hotel room by 8:35 ... wish all my airport experiences were so good. Tuesday morning I arrived at the meeting room a little early so I could sort through all my material. After a few introductions, the meeting started and as before it was a fascinating experience. Works were reviewed alphabetically and the pace was brisk. There was a tremendous amount of information sailing across the room and as in the past certain values were raised, others were lowered and some remained the same. While the occasional work did cause some serious debates, most were fairly straight forward. I was one of the lucky ones; since all the art that fell into my area of expertise was discussed on the first day I got to go home ... I caught a flight that evening and was home less than 24 hours after my departure.

Once again this was a great experience and I always learn something new. If you are ever offered the opportunity to sit on this panel jump at the chance – the educational experience is priceless.

If you are interested in seeing the official report from my first meeting, here is the link:

#### **October 2008 Report**

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### **The 19<sup>th</sup> Century Sale in New York**

The catalog for this sale arrived in the gallery and I wondered if something had gone wrong ... it was so thin. No, this was not a mistake, there were only 116 lots in the major 19<sup>th</sup> century sale – could it be that they were finally listening? Produce high quality sales with limited numbers of paintings and the market should remain strong. Well they did get the limited number correct, but after viewing the sale the overall offerings were less than stellar. Now here is my main issue – one of the salerooms closed its 19<sup>th</sup> century department and this gave the other an opportunity put together a sale filled with Filet Mignon, but they fell short. While the sale did have a few choice cuts of beef, there was plenty of ground round and few fast food burgers mixed in – you know, the ones that taste so good, but are really bad for you!

To the untrained eye the works probably looked fairly nice, but a number had condition issues (overcleaned/skinned, flattened during the lining process, etc.), others were recently up for sale and there

were a large number of Orientalist works – 36 in all, or about 31% of the sale; and we all know how these works have fared recently. In addition there were 21 pieces of sculpture among the 116 lots offered (about 18% of the sale). Both of these percentages were far too high ... more classic 19<sup>th</sup> century paintings please! On top of that there was one late Bouguereau – nice subject, but a little soft around the edges; three by Seignac that were all late and very thin; a large Elsley that had been steamrolled during the lining process; two Corots that left a lot to be desired – one that was overcleaned and another that was far too dark; and assorted other works that should have never made the cut for an ‘important’ 19<sup>th</sup> century sale. Remember, just because a painting was done by a great artist does not mean that particular work is great!

Of course there were a few very nice, or just nice, quality paintings; these included a fabulous Gérôme and wonderful Lewis, a monumental Breton, a gem of a Boldini, a beautiful Kaufmann (punchy estimate), and nice works by Soulacroix, Godward and Deutsch.

Well, Friday arrived and what I expected to happen did materialize. The sale started off with a whimper; lots 1 through 7 were classic 19<sup>th</sup> century paintings but 3 of them had recently been on the market and their heavy estimates were additional baggage – only 3 of the 7 sold (a foreshadowing of things to come). Lots 8 through 43 comprised the major section of Orientalist paintings and the group started off with one of the best works – Gérôme’s *A Bashi-Bazouk and His Dog* (14 x 10 inches) – which sold for a premium inclusive \$794,500 (est. \$600-\$800,000) and a few lots later J.F. Lewis’ *The Kibab Shop, Scutari, Asia Minor* (est. \$1.5-\$2 million) appeared and became the star of the sale when it sold for \$3.44 million; it was the only painting in the sale to break the million dollar mark. There was also 14 Orientalist sculptures in this section (far too many for a sale of this size) and only 3 of those found new homes. In total, only 12 works from this group sold!

The Orientalist paintings were followed by the Neo-Classical artists and here again only the better works found buyers; these included two nice Godwards, one selling for \$674,000 (est. \$500-\$700,000) while the other brought \$578,500 (est. \$400-\$600,000); and a nice Waterhouse, *Miranda – The Tempest*, that sold for \$746,500 (est. \$600-\$800,000). On the flip side three poor quality works by Seignac were offered and only 1 found a taker; that was a gift to the seller.

Some of the other highlights included a nice Soulacroix, *Resting*, that was estimated at \$30-\$40,000 and brought \$74,500; Isidor Kaufmann’s *Portrait of a Boy* (est. \$400-\$600,000) that made \$482,500; Beraud’s *Le Pont Neuf* (est. \$400-\$600,000) that sold for \$566,500 and Breton’s *The Washerwomen of the Breton Coast*, a monumental work that was estimated at \$400-\$600,000 and sold to a museum for \$434,500.

And while I am at it, here are a few additional lowlights (some of which sold): Voirin’s *A Winter’s Day*, whose sky was very thin, made \$40,625 (est. \$30-\$40,000); the steamrolled Elsley, *Friend or Foe?*, found a taker at \$242,500 (est. \$300-\$500,000); both Corot paintings were sold – a real surprise to me; a loose and sloppy Beraud titled *Le Boulevard St. Denis, Paris* happily did not find a buyer; and Bouguereau’s late period (1899) *Les deux soeurs* suffered the same fate due to its very ambitious estimate of \$1.5-\$1.8 million.

Overall I think you can see that buyers are being very selective and if the salerooms do not get with the program, offering great quality works that are in good condition in their ‘important’ sales, we are probably going to see more huge buy-in rates which might lead to more department closings.. Here is my advice – if you do not have enough paintings to create a great important sale then don’t have one!

In case you are wondering about the final numbers, here they are: of the 116 works offered only 49 found buyers for a sell through rate of 42% (58% BI rate) and a total take of \$10.8 million (they were expecting in excess of \$14 million) – and it is very important to note that the expected number does not include the buyer’s premium (commissions paid to the auction room) while the \$10.8 million figure does.

Howard L. Rehs

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**Gallery Updates:** Check out our [Facebook](#) and [Twitter](#) pages – we are everywhere ... technology, don't you just love it?

**Web Site Updates:** Works by Knight, Trouillebert, Blanchard and Swatland were sold this month. And look for the new works by Corot, Dupré, Dargelas, Blanchard, Cortes, and Sally & Katie Swatland that have been, or will be, added to our site; a few of the works are shown below:

**Julien Dupré (1851-1910)**  
*Milkmaid with Cows*  
36 ¾ x 43 ¾ inches



**Daniel Ridgway Knight (1839-1924)**  
*A Pensive Moment*  
46 ¾ x 35 ¾ inches



**André H. Dargelas (1828-1906)**  
*Feeding Time*  
15 7/8 x 12 ½ inches





**Jean B.C. Corot (1796-1875)**  
*Arbres Tordus Sur Une Crete (Soleil Couchant)*  
13 x 15 inches



### Contemporary

**Katie Swatland (b.1981)**  
*Symphony in White*  
16 x 20 inches



**Sally Swatland (b.1946)**  
*New Friends*  
20 x 24 inches



**Next Month:** More Dirty Rotten Scoundrels and various Art Market Updates.